DSM CAPITAL PARTNERS

US LARGE CAP GROWTH

MID-THIRD QUARTER 2024 INVESTMENT LETTER

August 30, 2024

Performance Review*

At the close of the market on Thursday, August 29, DSM's US Large Cap Growth Composite had increased approximately 21.2% post fee year-to-date. In comparison, the Russell 1000 Growth total return (including dividends) increased 19.8% and the S&P 500 total return (including dividends) increased 18.3%.

**Strategy returns are preliminary and unaudited.*

Investment Outlook

In our view, the market will continue to appreciate led by global technology businesses that are driving advancements in cloud, internet, software, semiconductor and security systems, in addition to very well-known AI trends.

Year to date, the Composite's outperformance versus the Russell 1000 Growth Index has been due to the positive performance of NVIDIA, Arista Networks, Microsoft, Alphabet, Apple, Amazon.com, ASML Holding and Fortinet among others. As a group^ the technology companies we hold in the portfolio are valued at approximately 28x forward four quarter earnings through September of 2025 and 26x CY 2025 earnings. We believe that given these reasonable valuations, and earnings growth of over 21%, these stocks remain attractive.

In our view, the US public, as well as investors, may lack confidence in American political leadership regardless of which party or candidate succeeds in the upcoming November elections. European leadership is not viewed positively either and recent violence in the United Kingdom is concerning. Nevertheless, we believe that geopolitical events in Ukraine and the Middle East as well as potential conflict between China and Taiwan represent the more significant risks to the global economy and market. However, offsetting these uncertainties are positive factors including continued 2% - 3% global economic growth, low and falling inflation, historically low unemployment and interest rates, reasonable valuations, strong earnings and technology-driven productivity. In our opinion, assuming these negative factors do not become materially worse, the market should continue to climb the investor "wall of worry".

Importantly, we believe equity valuations today are "normal" or "realistic" given a global economy supported by low inflation and steady economic growth. Despite the strength in the market thus far this year, we continue to find investment opportunities we believe have attractive valuations and solid growth prospects, including two new positions we recently added, Cadence Design Systems and Synopsys, both of which provide software for the design of advanced semiconductor technologies. Despite the aforementioned geopolitical risks, we believe the economic and equity market backdrop for the portfolio remains quite positive. Based on our calculations, the projected approximate 21% earnings growth of the DSM portfolio should well outstrip that of the Russell 1000 Growth Index and the S&P 500 Index, each with long term earnings growth rates of 5% to 10%. Furthermore, the portfolio has a weighted average P/E of 24.1x 2025 earnings, which is just a few months away.

^Includes NVDA, MSFT, AAPL, GOOGL, AMZN, ANET, META, INTU, ASML, ADBE, AMD, FTNT, ADSK, DT, SNPS, CDNS.

Portfolio Dashboard (as of August 29, 2024)

Portfolio Characteristics			
Calendar 2024 P/E	29.6x	Number of Holdings	23
Calendar 2025 P/E	24.1x	Weighted Avg Market Cap	$1,503 B
Price to Book Ratio	11.5x	LT Debt/Capital	29%
EPS, Forward 3-5 Years	21%	Dividend Yield	0.3%
Active Share	48%	Trailing 12 Month Turnover	38%

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Top 10 Holdings	Location	%
NVIDIA Corp	US	12.2
Microsoft Corp	US	11.5
Apple Inc	US	8.8
Alphabet Inc – Cl A	US	8.0
Amazon.com, Inc	US	8.0
Arista Networks, Inc	US	7.5
Meta Platforms Inc	US	6.7
Intuit Inc	US	4.1
Novo Nordisk A/S	DK	3.7
ASML Holding NV	NL	2.9

GICS Sector Weighting	%
Information Technology	60.6
Communication Services	14.8
Consumer Discretionary	8.0
Financials	7.3
Health Care	6.5
Industrials	2.4
Consumer Staples	0.0
Energy	0.0
Materials	0.0
Real Estate/Utilities	0.0

YTD Contributors to Return - Gross (basis points)			
Top 5		Bottom 5	
NVIDIA Corp	+1081	EPAM Systems, Inc	-65
Arista Networks, Inc	+267	Advanced Micro Devices, Inc	-52
Microsoft Corp	+147	Monster Beverage Corp	-43
Apple Inc	+140	Adobe Inc	-42
Alphabet Inc – Cl A	+129	Entegris, Inc	-23

Source: FactSet, DSM

Second Quarter 2024 Earnings

With all twenty-three of the companies in the portfolio as of June 30, 2024 having reported, second calendar quarter revenue and earnings grew 26% and 44% respectively, based on our calculations (if we exclude NVIDIA, revenue and earnings growth for the portfolio were 11% and 25% respectively.)

Within second quarter earnings, eighteen companies reported better-than-expected results vs. Wall Street consensus and three reported in-line results. Two companies missed expectations this quarter. The weighted average earnings result for the reporting companies was a "beat" of 7% versus expectations.

We have reviewed the change in Wall Street consensus earnings estimates for our portfolio companies vs. three-months and six-months ago. We calculate that the weighted average of the consensus estimates for calendar 2024 for the companies in the portfolio at this time is approximately 2% higher versus three-months ago and 5% higher versus six-months ago. We believe the longer-term earnings power of the businesses we own have been enhanced by the ongoing evolution of AI and related technological trends.

Long Term Earnings Results

In order to provide a longer-term perspective, we have included the revenue and earnings history of the portfolio since 2015 below. As is clear from the table, the portfolio has strong and consistent revenue and earnings growth.

Portfolio Earnings Results

	EPS YOY Growth (% ex options)^	EPS vs. Consensus (%)*	Revenue YOY Growth (%) ^	Fwd 4Q P/E^
2Q 2024	**25**[<]	**7**	**11**[<]	**25.6x**
1Q 2024	**32**[>]	**8**	**9**[>]	**27.2x**
2023[+]	26	11	22	25.0x
2022	7	4	12	21.9x
2021[#]	33	9	26	28.2x
2020	18	12	15	27.8x
2019	19	8	17	23.8x
2018	28	7	20	20.7x
2017	33	7	24	22.7x
2016	24	5	25	18.6x
2015	19	4	19	17.9x

**Source: Bloomberg. ^Source: DSM. P/E from date of mid-quarter letter. <2Q 2024 excludes NVDA's earnings growth of 152% and revenue growth of 122% (including this portfolio earnings and revenue grew by 44% and 26% respectively YOY.) >1Q 2024 excludes NVDA's earnings growth of 585% and revenue growth of 262% (including this portfolio earnings and revenue grew by 106% and 42% respectively YOY.) +For 2023, 4Q excludes NVDA's earnings growth of 790% (including this portfolio earnings grew by 89% YOY); 3Q excludes NVDA's earnings growth of 593% (including this portfolio earnings grew by 75% YOY); 2Q excludes AMZN's earnings growth of 246% and NVDA's of 425% (including these portfolio earnings grew by 70% YOY.) #For 2021, 2Q excludes BSX's earnings growth of 400% (including BSX, portfolio earnings grew by 51% YOY); 1Q excludes AMZN's earnings growth of 215% (including AMZN, portfolio earnings grew by 49% YOY.) For 2015-2023, quarterly results are averaged. P/E for those years is from 4Q. See additional notes on the last page of this letter.*

Global Economic Outlook

Global economic growth is slowing, but likely remains more than 2% and may approach 3% later in 2024. While the tightening by the European Central Bank (ECB) and US Federal Reserve (Fed) may have caused global economic growth to slow, it has also resulted in a sustained downturn in inflation. Concurrent with a weakening economy, employment is under a bit of pressure in both Europe and the US. Ideally, to avoid a recession, both central banks should reduce rates before the economy nears a contraction. Recent PPI and CPI data clearly point to a continuation of lower inflation and has increased the likelihood that the Fed will begin cutting rates at their mid-September meeting. It is likely the ECB will implement their second cut in early autumn as well. That said, with inflation still a bit above their 2% target, neither bank wants to loosen monetary policy too quickly and then have to deal with a rebound in inflation.

Global Economic Outlook *cont.*

We continue to believe that the global "soft landing – muddle through" scenario is the most likely outcome, although a global recession is possible particularly due to geopolitical risks.

American economic data continues to generate mixed signals from month-to-month. Earlier in the summer, employment and retail sales data pointed to a weakening economy and may well have triggered the market's temporary swoon at that time. Weakness in auto sales and travel spending added fuel to fears of a significant economic downturn. However, more recently retail sales have been stronger than expected and employment as measured by jobless claims was also better than expected leading to some optimism that economic strength, or at least stability, would continue. While housing has been a bit weak, lower interest rates may aid in a recovery as measured by new mortgage applications.

Europe is straining to generate an accelerating economic expansion, with recent results falling short of 1% economic growth. Industrial production is weak although employment continues to grow. Surprisingly, the UK economy is growing a bit better than expected, but still short of 1%, with unemployment falling to 4.2%. Both the Bank of England and the ECB will likely cut rates over the next several months to support the economy. Unfortunately, Europe's ever-increasing taxes, onerous regulations and subsidies for uneconomical technologies continue to dilute potential economic growth.

The economic outlook for China remains weak. Foreign investors are still fleeing and taking their capital, people and innovation with them, while Chinese investors are consistently liquidating stocks for cash and bonds. In addition, the Chinese real estate market remains under pressure. The government's punitive economic policies, intensive monitoring and punishment of dissent is causing business and consumer confidence to deteriorate further. Economic growth results from two variables: hours worked + capital invested. However, working and investing is an act of long-term optimism and sadly the Chinese people, based on their actions, are anything but optimistic.

Recent Portfolio Transactions

Since our last letter we sold Entegris, Monster Beverage and Charles Schwab due to declining future earnings estimates. We believe all three are very good companies which we may purchase again in the future.

We used the proceeds of these sales to add to the portfolio's existing positions in Dynatrace, Meta Platforms and Novo Nordisk. We also initiated new positions in two very specialized software companies, Cadence Design Systems and Synopsys. While we have always viewed both as remarkable businesses, in the past we felt their valuations were too high and avoided purchasing the stocks. With the recent downturn in technology stocks the valuations of both companies became attractive based on our valuation methodology and we initiated positions. We also initiated a position in Abbott Laboratories, a company we have owned in the past.

Cadence and Synopsys are the two leading electronic design automation (EDA) software players, with each holding ~30% share of the EDA market, while Siemens is a smaller 3rd player in this oligopolistic industry. Cadence and Synopsys provide critical tools for the design of increasingly complex semiconductors and systems that enable their customers to have faster time to market, create superior designs, as well as mitigate risks and costs before going into production. We see a long runway for growth, driven by the increased complexity and cost of designing new chips and systems, further driven by the customer's need to invest in highly differentiated designs. We expect both companies to have long term revenue growth rates of low to mid-teens, generating high-teens to 20% earnings growth. While it is still early, we believe there is potential for AI to further accelerate the growth rates of both companies, especially as they deepen their

Recent Portfolio Transactions *cont.*

collaborations with NVIDIA. Of note, Synopsys has announced the $30bn acquisition of Ansys, which is still pending regulatory approval. We believe the deal makes strategic sense, as it combines Ansys' simulation and analysis strengths with Synopsys' EDA portfolio to provide a comprehensive workflow from the chip to system level. If approved by regulators, the deal will be initially dilutive though significantly accretive over time.

Abbott Laboratories is a diversified healthcare product provider, offering a wide range of medical devices, diagnostic products, nutritional products, and branded generic pharmaceuticals (outside the US). While reported sales growth has been restrained by the decline in Covid testing revenue in recent years, Covid-related revenues are now minimal and the company is well positioned to produce strong underlying organic sales trends driven primarily by its portfolio of innovative medical devices. The company does face potential liability in its infant formula division, but its ultimate financial exposure should, in our opinion, be quite manageable to the investment case. At 22x next twelve month's earnings, valuation is reasonable for a secular growth business with projected high single-digit top line growth and low double-digit bottom-line growth.

Transactions Since January 1, 2024

BUYS	DATE	% CHG	SELLS	DATE	% CHG
Uber Technologies	Jan-24	1.2	Linde PLC	Jan-24	-1.8
Advanced Micro Dev	Jan-24	2.0	Thermo Fisher	Feb-24	-1.0
Dynatrace, Inc	Feb-24	0.5	Boston Scientific	Apr-24	-2.2
Meta Platforms	Feb-24	1.2	Paycom Software	May-24	-0.5
Novo Nordisk A/S	Apr-24	2.0	Automatic Data	May-24	-1.7
Cadence Design Sys	Aug-24	1.1	Chipotle Mex Grill	May-24	-1.3
Synopsys, Inc	Aug-24	1.1	Accenture PLC	May-24	-0.9
Abbott Laboratories	Aug-24	0.8	EPAM Systems, Inc	May-24	-0.7
			Entegris, Inc	Aug-24	-1.6
			Monster Beverage	Aug-24	-1.9
			Charles Schwab	Aug-24	-1.3

Transactions Since April 1, 2024

ADDS	DATE	% CHG	TRIMS	DATE	% CHG
Meta Platforms	Apr-24	1.2	Autodesk, Inc	Apr-24	-0.2
Fiserv, Inc	Apr-24	0.3	Chipotle Mex Grill	Apr-24	-0.2
Novo Nordisk ADR	May-24	1.3	Accenture PLC	Apr-24	-0.4
Uber Technologies	May-24	0.3	EPAM Systems, Inc	Apr-24	-0.2
Dynatrace, Inc	May-24	0.7	Visa Inc	May-24	-0.5
Alphabet Inc – Cl A	May-24	0.3	Charles Schwab	May-24	-0.7
Apple Inc	Jun-24	3.1	NVIDIA Corp	May-24	-1.4

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Recent Portfolio Transactions *cont.*

Transactions Since April 1, 2024

ADDS	DATE	% CHG
Advanced Micro Dev	Jun-24	0.4
Monster Beverage	Jun-24	0.5
Meta Platforms	Jun-24	0.5
Meta Platforms	Aug-24	1.0
Dynatrace, Inc	Aug-24	0.3
Novo Nordisk A/S	Aug-24	0.5

TRIMS	DATE	% CHG
Fiserv, Inc	Jun-24	-0.5
Intuit Inc	Jun-24	-0.3
NVIDIA Corp	Jun-24	-2.1
Visa Inc	Jun-24	-0.5
Amazon.com Inc	Jun-24	-0.2
Arista Networks	Jun-24	-0.2
ASML Holding NV	Jun-24	-0.8

Portfolio and Market Outlook

The Russell 1000 Growth Index peaked at approximately $3852 on July 10th and then fell 13% to $3345 by August 5th. The S&P 500 peaked six days later, on July 16th at $5667 and by August 7th had declined over 8% to about $5200. The difference between the performance of the two indices over that period initiated a debate among investors about whether a rotation to value away from growth was beginning. We do not believe that is the case. To quote a friend and former colleague, "returns are a function of entry level". We believe that valuations for growth stocks remain quite attractive, especially when combined with their substantial earnings growth prospects and the ten-year bond yield at 4%. While there are, in our view, many growth stocks whose P/Es are too high, the same can can be said for many value stocks whose P/Es are high considering their modest growth outlooks. In short, we believe valuations are critical to investment outcomes and, in our opinion, too many investment decisions are made without a thoughtful valuation analysis.

Furthermore, investors often assume that growth stocks will be impacted more negatively by a "soft" or "recessionary" economy than value stocks. Does that assumption make sense? Nearly all companies including Microsoft, Apple, Alphabet, Amazon.com, and Meta Platforms would be negatively impacted by a recession. However, given their dominant market positions, stable pricing, manageable cost structures, superb balance sheets, secular growth tailwinds and AI-driven futures we do not believe these five companies are any more vulnerable to a recession than companies in auto manufacturing, industrials, construction, chemicals, energy, mining, housing, retail or banking.

If investors are fearful of a recession and a resultant market decline, their knee jerk first reaction may well be to sell their "winners" in order to "protect" their profits. However, in our opinion, growth stocks with reasonable valuations should likely stabilize and, in time, their stock prices would reflect business fundamentals and valuations versus near-term investor fear. We believe Microsoft, Apple, Alphabet, Amazon.com, and Meta Platforms would likely recover well. On the other hand, some growth stocks such as NVIDIA and Advanced Micro Devices would be more sensitive to an economic downturn. We are aware of this possibility and continue to monitor and manage the overall economic sensitivity of the portfolio as exemplified by our trim of NVIDIA in the second quarter. We reduced the position by approximately 350 basis points in an effort to manage economic and company specific risk, as well as position size.

Portfolio and Market Outlook *cont.*

In our view, the total portfolio is rationally valued at 25.4x forward four quarter earnings through September of 2025 and 24.1x 2025 earnings. Furthermore, we believe the sixteen technology-related positions in the portfolio^, which are on average valued at 26x 2025 earnings with a projected growth rate of roughly 22% (based on DSM's internal calculations) are very attractively priced. Moreover, we continue to believe that the AI earnings upside in some of these companies may not be fully reflected in their stock prices. Finally, we believe that lower inflation is supportive of both lower interest rates and steady economic growth. Our "soft landing-muddle through" economic outlook, combined with AI-driven productivity provides a solid underpinning on which the market may over time move steadily higher. As we have said repeatedly over the years, "bull markets climb a wall of worry" and in our view (barring unfavorable geopolitical events) the market's direction remains upward.

^Includes NVDA, MSFT, AAPL, GOOGL, AMZN, ANET, META, INTU, ASML, ADBE, AMD, FTNT, ADSK, DT, SNPS, CDNS.

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Pursuant to Rule 3a-4 of the Investment Company Act of 1940, as amended, DSM Capital Partners LLC ("DSM") is required to remind you on a quarterly basis to contact us if your financial situation or investment objectives have changed in any way, or if you wish to impose new, or modify existing, restrictions on your account. Pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, DSM is required to notify you periodically that you should be receiving, at least quarterly, a statement showing transactions from your custodian, and urge you to compare your custodial statement to the statement from DSM.

The Russell 1000 Growth Total Return Index includes dividends reinvested in the Russell 1000 Growth Index as reported by the FTSE Russell Company. S&P 500 Total Return includes dividends reinvested in the S&P 500 index, as reported by Standard & Poor's. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. The Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS).

Portfolio Characteristics, Top Holdings, and Sector Weighting information refers to a representative account and is provided for illustrative purposes only - individual client accounts will vary. Contributors to return represents the holdings that most significantly impacted performance during the measurement period. The securities were selected in a mechanical and objective manner by using a calculation to show their relative impact on overall performance; they were not included or excluded for any other reason. The calculation computes the contribution of each holding by calculating the weight (i.e., percentage of the total account) invested in each holding multiplied by the rate of return for that holding during the measurement period. The result shows each holding's contribution to the overall return during the measurement period without regard to fees or expenses. If fees or expenses were applied, it would cause a detraction from the performance presented. The securities listed does not represent all of the securities purchased, sold, held or recommended or that these reflect current or past holdings for any particular client. You should not assume that the securities identified or discussed are currently held or will be profitable, or that any client account was or will attain the same or similar performance as the securities listed. DSM's standard fee is detailed in its Form ADV.

Weighted average market capitalization represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares. Price-to-earnings ratio is an equity valuation measure defined as market price per share divided by annual earnings per share. Earnings Per Share is another valuation measure. It is a company's total earnings or net income divided by its shares outstanding. Earnings per share, price to earnings ratios and other valuation models do not guarantee future performance or results. DSM may not be successful in predicting EPS growth or P/E ratios and, as a result, investors may experience losses. The price-to-cash flow ratio is a stock valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share. The price-to-sales ratio is calculated by taking a company's market capitalization and divide it by the company's total sales or revenue over the past 12 months. The price to book ratio is used to compare a company's current market value to its book value. Return on Equity is a measure of the profitability of a business in relation to the equity. Long-Term Debt to Capital denotes the weighted average of each security's long-term debt divided by the total capital of the security. Dividend yield is the dividend per share divided by the price per share. Measured in percent, Active Share represents the portion of a portfolio that differs from its benchmark. It is calculated as half the sum of the absolute active weights of all securities in a portfolio. It ranges from 0% for an index-tracking fund to 100% for a portfolio with no overlap with its benchmark. The higher the percentage, the more "active" the manager is. Portfolio turnover is a measure of how frequently assets are bought and sold. DSM's year-end revenue growth projections and earnings growth projections are an average of DSM's quarter-end revenue growth and earnings growth projections for the securities held in the portfolio.

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